

ABSTRACT OF THE DISCLOSURE

5 A method and computer system for conducting a progressive, price-
driven combinatorial auction wherein equilibrium prices supporting optimal
allocation are provided. The auction mechanism allows bids on bundles and uses an
innovative price setting mechanism that ensures that the bundle prices reported by
the auction have the property that each participant's or bidder's tentative allocation
maximizes the value reported in the participant's bid. The auction is progressive,
and requires that a participant's new bid improves his previous bid in a precisely
defined manner. The auction terminates when no participant submits a new bid, or
10 according to some other specified criterion.